

PROSPERITY THROUGH INDUSTRY

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PROSPERITY THROUGH INDUSTRY

MOVE TOWARDS RAPID INDUSTRIALIZATION

BY

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PREFACE TO THIRD EDITION

As copies of this booklet published some eight months ago were speedily exhausted and there is demand for more, the issue of a Third Edition has become necessary.

November, 1943.

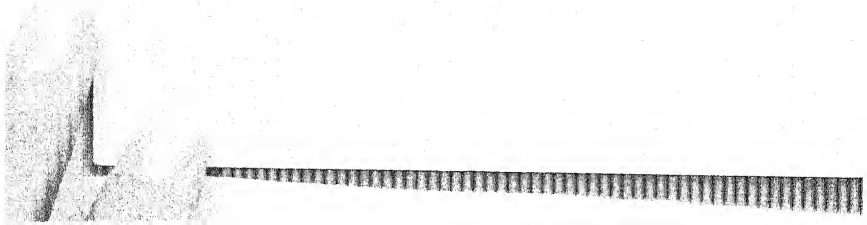
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CONTENTS

	Page
FOREWORD	1
I. WHY IS INDIA POOR?	5
II. IMPORTANCE OF INDUSTRIES	11
III. CLASSIFICATION OF INDUSTRIES	17
IV. SETTING UP AND OPERATING AN INDUSTRY ..	23
V. SETTING UP AND OPERATING AN INDUSTRY (CONTINUED)	29
VI. A CENTRAL ORGANIZATION TO PROMOTE INDUSTRIES	34
VII. REGIONAL ORGANIZATIONS	39
VIII. DISTRICT COUNCILS AND VILLAGE GROUP COMMITTEES	45
IX. NEED OF LONG RANGE REFORMS	51
X. AN ATTAINABLE PROGRAMME OF ACTION ..	56

APPENDICES.—

i. Representative Groups of Industries and Manufactures	63
ii. Representative list of Subsistence Industries	65
iii. Capital Invested in Industries (Compared)	69
iv. Population Engaged in Agriculture and Industries (Compared)	69
v. National Income (Compared)	70
vi. Distribution of Population by Occupations ..	70
vii. Percentage of Literacy (Compared)	71
viii. Statistics of Industries (An Illustrative Table)	72



FOREWORD

This booklet has been prepared in consultation with the members of the Working Committee of the All-India Manufacturers' Organization,—called for short the A.-I.M.O. It is an appeal to all the progressive elements in the population of this country to put forth their share of effort to promote the gainful activities of the average citizen and increase the volume of articles of consumption and commerce produced in the country. We can only consume more if we produce more. Under the A.-I.M.O. scheme, any village group, district, city or province can be made to hum with business activities to increase production to the utmost provided there is the necessary zeal and enthusiasm for betterment in the local community.

Many tens of millions of people of this country live in a chronic state of destitution and many more below what is regarded as the poverty line in Western countries. No serious minded citizen who studies the comparative statistics given in this booklet can escape the conviction that the country is deteriorating in economic strength and that it is threatened with a further serious weakening if the present indifference to industries is allowed to continue in the coming period of post-war reconstruction. Many countries owe their prosperity to their supremacy as industrial nations. The promotion of industries is the one development which, if vigorously pursued and persisted in, promises to give rich results

FOREWORD

in the way of improved living conditions to the average citizen in an appreciably short time.

All persons of good will, patriotic fervour and dynamic energy, in whatever part of the country they may be residing, can do appreciable good to themselves, to neighbours and to the country generally by starting an active local or regional agency like a body, when constituted, should concurrently study *Council* or *Committee* to promote industries. Such a body, when constituted, should concurrently study and spread among the people sound ideas of their economic needs and deficiencies; and wherever there is scope, a popular *industrial association*, composed of local elements, should be formed to support the agency's beneficent activities with men and money.

Those who feel in sympathy with the views set forth in these pages are invited to join the A.-I.M.O. or its branch or regional organizations. The main aim of the Organization as explained in these pages is to increase the working power, gainful activities, and income of the people through rapid industrialization.

The proposals in this booklet are put forward with a view mainly to promote self-help and enterprise in the people in the field of industrial production. Government decisions relating to economic problems are often taken without consulting the true needs of the people and their activities respecting the country's industries have of late been the reverse of helpful. Whenever their attitude changes and help comes from them, it would be readily availed of, but if Government

FOREWORD

persist in refusing co-operation, the public should not throw away their opportunities for betterment but should be prepared to organize independent agencies to promote employment and production by their own co-operative effort. Neglect of industries at this time is tantamount to a national peril.

If any body of persons in any part of the country wish to work for the same objects, independently of the A.-I.M.O., their efforts would be welcome. They are at liberty to use the system and practices recommended by this Organization to whatever extent they may appeal to them. But unity of effort will be a source of strength, and is likely to lead to the speedy realization of our common object; so all persons who have the same ideals and aims as this Organization, are invited to ignore minor differences of thought or practice, and work with a common loyalty to the A.-I.M.O.

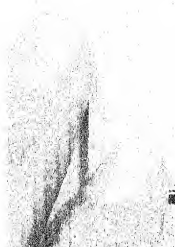
The A.-I.M.O. would appeal to the patriotism and public spirit of all leading citizens of this country to take part in the constructive work of this Organization, some by financing the movement in their own part of the country, and others by preparing and circulating books, pamphlets, leaflets, notes, speeches and other forms of propaganda, likely to rouse interest and carry the lessons of industrialization to every home and cottage in the land.

Bombay,
15th September, 1942.

M. V.



6



PROSPERITY THROUGH INDUSTRY

I. WHY IS INDIA POOR ?

Why is India poor and why is the standard of living of its population so low ? It is because production is low, the country depends for its subsistence mainly on agriculture ; industries which can increase income are neglected and gainful activities subsidiary to production are limited. Why is production low ? Because man-power is untrained and unorganized, and Government policies which regulate and control the economic activities of the country are unprogressive and their method of approach to industrial problems is too piecemeal and parochial. Why is it thought that economic policies are weak and unsound ? Mainly because a great majority of the population is kept illiterate and the Government of the day seems inclined to limit the people's activities to agriculture, and disinclined to encourage local enterprise in industries or commerce.

2. In order to seek remedies for this state of things, the most obvious course to take is to study and compare Indian conditions with the policies and practices of the most progressive countries of the world. If the departments of public activity maintained in progressive countries and the many developments that are taking place there, are carefully examined, the corresponding activities and developments in India will be found to be primitive, weak, restricted or misguided. Many of the departments

PROSPERITY THROUGH INDUSTRY

connected with nation-building movements require reconstruction particularly education, industries, defence (Army, Navy, and Air Force), finance, commerce and communications. At the present moment measures connected with war are of supreme importance; but it will be found that whether in peace or war, there has been a studied neglect of industries so far as this country is concerned. Since the Eastern Group Supply Conference was organized, the Government of India seem to have set their face against any extension or starting of heavy mechanical industries so vital from the point of view of the defences of the country.

3. Our age being essentially a product of machinery and power, industries naturally hold the key to the security and prosperity of a nation. Lack of organization for industrial development in India has resulted in losses in three essential directions, namely, loss of income due to absence of variety of occupations, loss of strength for purposes of defence, and denial of amenities and conveniences of civilization enjoyed by every prosperous industrial population.

These distressing facts are clearly brought out by the following statistical tests :

(1) Proportion of Literate Population :—

Country	Population	Percentage
	in Millions	
India	388·8	9·5
United Kingdom ...	50·7	76
United States of America ...	130·3	75

WHY IS INDIA POOR ?

The Indian citizen will realise from the above Table how far behind his country is in point of literacy, compared to Western nations. To remove this stigma of low level of literacy, a special campaign, on the model of the five-year Plan adopted in Russia, has to be launched in Indian villages, and maintained for over a generation to come, in order that literacy in India may rise to the same level as in the progressive countries of the West.

(2) Capital invested in Indian Concerns :—

Country	Capital Invested	Per Head of Population
	Rs. Crores	Rs.
India	750	19
United Kingdom	7,067	1,485
United States of America	23,000	1,765

These figures show that no attention is given in India to accumulate capital for developing industries as is the deliberate policy in self-governing countries like the United Kingdom and the United States of America.

(3) Occupations :—

Country	Total Population	Percentage depending	
		on Industries	on Agriculture
	in Millions		
India	388·8	10·2	67
United Kingdom	50·7	47·2	3
United States of America ..	130·3	31·7	22

PROSPERITY THROUGH INDUSTRY

The very high percentage of population employed in agriculture in India shows that, as a result of neglect of industries, the country is still largely rural and primitive.

(4) Average Income per head of Population :—

Country	Industries	Agriculture	Total
	Rs.	Rs.	Rs.
India	12	48	60
United Kingdom... ..	463	68	531
United States of America ...	830	219	1,049

Rupees 60 per head seems to represent the average yearly income of our population; enquiries in some parts in India have shown that the average among the very poor is as low as Rs. 25 per head per annum.

As adequate statistics are not maintained, particularly for industries, the figures given above should be treated as approximate. They are the best that could be given in the present state of administrative efficiency in this country.

4. England being a free-trade country for a long time forced its free trade policies on India and Indian industries declined through their inability to compete with those of England and other industrialized nations. Even at the present time tariff protection for many a manufactured product is inadequate compared to what is given by the Governments of industrialized countries of Europe, and the support and training to the people which the Indian Government can give are lacking for

WHY IS INDIA POOR ?

such essential national objects as industries, commerce, or defence. The country is exposed to foreign exploitation.

If heavy engineering industries are developed in peace time, those required for defence machinery and mechanised military equipment can be easily developed or organized in time of war. This has been the experience of every free country, the people of which have scope for initiative, like the United States of America, Germany, or France.

Usually the Government of India are in the habit of placing orders for Government requirements like the army, railways and locomotives, preferably in England. Whenever that country is too busy to execute them or is otherwise unable to supply, the orders are entrusted temporarily to German, American, or Canadian firms. There has been no attempt to give the Indian industrialist a chance to manufacture machinery or products of the description mentioned or to train technicians of the requisite calibre in local educational institutions to undertake such work.

5. Steel and automobile are the two industries which have contributed most to the productive strength and prosperity of the United States of America. The Indian steel industry was started by Indian industrialists with the advice of American experts. Pig-iron and steel are produced in India today cheaper than in almost any other country in the world. There is equipment in the United States of America for the production of

PROSPERITY THROUGH INDUSTRY

nearly 100 million tons of steel per annum ; the corresponding equipment in India does not exceed a paltry 11 million tons. During war, money has to be spent lavishly on military equipment and machinery, and a great opportunity was provided by the war to stimulate steel production and the manufacture of motor cars and trucks ; but due to obstructive Government policies, the opportunity was missed. It is well-known that Indian firms were ready to start the automobile industry even before the war began and that but for the interference of Government, that industry might have developed into a flourishing asset by now and been of appreciable value even for purposes of war. Since war broke out, the same Government which discouraged local production has been buying motor vehicles, valued, it is believed, at over Rs. 50 crores from foreign companies at the expense of the Indian tax-payer. Steel too has had to be imported from America during the war in spite of India's capacity to produce the metal cheaper.

6. At the present time the population of India is growing rapidly and for want of a forward policy for developing its resources, particularly its man-power and industries, the country is placed in imminent peril. All the policies directly detrimental to Indian interests have to be speedily abandoned if this country is ever to provide itself with adequate transport facilities, defence machinery, working capacity and purchasing power, and if it is ever to rise to the level of the average of world's progressive nations in self-help, self-defence and the living standards of its population.

II. IMPORTANCE OF INDUSTRIES

7. Nothing in the present war has been more pregnant with implications for the future well-being of our country than the fact that, in spite of her enormous population and vast potential resources, it has had to depend on the resources of outside countries both for fighting forces and military equipment including heavy armaments and machinery. This deficiency in manpower and modernised sinews of war gives the country a marked agricultural status thereby compromising her future self-sufficiency and security. No predominantly agricultural country in modern times has given its population military strength to defend itself, or production for a rising standard of living, and India is no exception. A rise in the standard of living can only come through an expansion of the country's productive capacity.

8. It will occur to every intelligent citizen that a general remedy to this state of things has to be sought mainly, by

- (i) Improving the working power of the average citizen through education and vocational training;
- (ii) Abandoning or rectifying all unprogressive economic policies and practices found to be clearly prejudicial to the prosperity of the population; and
- (iii) Concentrating the natural and financial resources of the country and the working

PROSPERITY THROUGH INDUSTRY

power of its people on modern industries and occupations, until a reasonable balance is established between agriculture and industries in the matter of providing employment for the people.

9. The first and foremost improvement needed to vitalize man-power is that a vastly larger proportion of the population should become literate than at present. The proportion of the literate population is about 10 to 12 per cent. of the whole; whereas it should not be less than 70 per cent. The latter proportion can be reached soon if education is made compulsory and the element of compulsion is strictly enforced. How can this come about if there is no plan or purpose in the counsels of Government and no attempt is made to enforce it? If the masses of the population are educated, they will be able to look after their own interests better, and relieve Government as well as the prosperous sections of the population of a vast burden of responsibility for their well-being.

10. There should also be a proper balance between the sound qualities and intellectual training of a worker. The ability to work effectively with other people in an industry, that is, with colleagues, superiors, and subordinates, should be carefully cultivated. In Western experience, tact, loyalty, honesty and unselfishness are regarded as of equal importance for business success as knowledge, skill and initiative. The labourer is coming to find out that what puts him and his class at a dis-

IMPORTANCE OF INDUSTRIES

advantage is want of training. The quality in a person which is his chief source of higher income is his capacity for direction. To acquire this capacity, training, experience and sacrifice are necessary. Usually the training is a monopoly of the richer classes. In a prosperous country like America, for instance, where the average workman is educated, where he gets the aid of scientific labour-saving machinery and tools, and where the discipline and methods followed are the best known to science and tested by experience, the labour wages are very high. The improvements necessary in all these respects will have to be planned and a country-wide scheme of education and occupational training introduced in order to render the man-power of the country efficient and to secure a rise in the general level of work, wages and wealth.

11. There is need as well as scope for increasing the returns from agriculture but no material improvement can be looked for until the present excessive pressure of population on the soil is reduced. Nearly 67 per cent. of the total population of the country is dependent for its livelihood on agricultural pursuits; whereas the corresponding proportion in an average progressive country is about 33 per cent. or half of what it is in India. A pressing problem before the country is therefore how to transfer the surplus population from agriculture to industry and its subsidiary occupations. It has been shown above that the proportion of agricultural to total population is as low as 8 per cent. in the United Kingdom and 22 per cent. in

PROSPERITY THROUGH INDUSTRY

the United States of America. The corresponding proportion of 67 per cent. in India is what the United States had nearly a hundred years ago.

12. Since the last War, the foreign market for agricultural produce has been contracting and the money income from agriculture diminishing to a corresponding extent. Owing to neglect of industries, factory production has not proportionately increased and India has to pay for many imported articles from its slender income from agriculture. There has been an increase of 95 millions in the population between 1901 and 1941 but no serious long-range measures have been initiated to secure increase of production and income to a corresponding extent. As the example of America shows, prosperity in Western countries means a progressive reduction of their agricultural population. Obviously, therefore, the productive power of the country in order to be able to sustain its increasing numbers cannot be enhanced except by multiplying gainful occupations and releasing the excessive population dependent on agriculture.

13. It is sometimes argued that industries will not be able to employ any appreciable proportion of the population which now overcrowds agriculture. When the heavy industries which the country needs are established, they will give employment to a large number of workers. The numerous ancillary industries which result from them will employ many more. In a balanced economy, the services connected with industries are far

IMPORTANCE OF INDUSTRIES

more numerous and profitable than those associated with agriculture.

The importance attached to industries in England will be evident from the following extract taken from the book "The Next Five Years" published in 1895 with the approval of a large number of representative Englishmen; "What we know as industry is the foundation of our national life; it is the organism by which we have so greatly expanded our productivity that we can support our very large population and a standard of living which, inadequate though it is, is at least higher than that of previous century."

14. The view the British Government takes in India has been different from its own practice in the United Kingdom. The Government of India have declared that this country should depend mainly on agriculture for a long time to come. The orders for products required for the present war seem to have been distributed among the various belligerent countries within the Empire on the advice of the Roger Mission and the Eastern Group Supply Conference. According to the arrangements made, only a few products which required no superior technical skill or practice seem to have been assigned to factories and industrialists in India. Products requiring heavy industries or higher technical skill were allotted to the United States of America and the Dominions of Canada and Australia.

15. The statistical figures given above show clearly the perilous position into which India is drifting through

PROSPERITY THROUGH INDUSTRY

the past policies of her Government. Relief from her economic misfortunes can come to India only through the expansion of industries and the services associated with industries. It need hardly be recalled that our helplessness to rectify mistakes and redeem past losses is due to lack of political power. As remarked twenty years ago by a section of the members of the Indian Fiscal Commission: "If a policy of protection had been adopted, . . . if the same freedom to regulate her fiscal policy had been conceded to India as was conceded to the self-governing Dominions, India would have made by this time great progress in the Direction of industrialization."

III. CLASSIFICATION OF INDUSTRIES

16. Broadly stated, modern industries may be divided into three groups :—

- (1) Engineering,
- (2) Chemical, and
- (3) All others (unclassified).

Table I, in the Appendix, gives a list of 24 principal industries arranged in these three groups.

17. For the purposes of stock-taking and for obtaining an idea of the extent and nature of industrial advance which the country has made as a whole, or in any region or part of the country, industries may be classified, according to the amount of capital invested in them, into :—

- (1) Large-scale industries the capital outlay on which is Rs. 30 lakhs each or more ;
- (2) Medium-scale industries the outlay on each of which ranges between Rs. 1 lakh and Rs. 30 lakhs ; and
- (3) Small-scale industries with an invested capital of Rs. 1 lakh each or less.

A large number of industries have been started in India by limited liability companies or by private proprietary firms without any collective plan or organization. Several key industries which would promote industrialization and which might help to reduce the

PROSPERITY THROUGH INDUSTRY

country's imports have yet to be started, such for instance, as locomotives and power machinery generally, industrial machinery and plant, and machine tools. There could be no objection to the importation of foreign goods which do not compete with local products, or do not lead to unemployment, or drain capital from an impoverished population.

18. The reason why large-scale or heavy industries should be established is that they eliminate the economic waste inherent in a country's excessive imports. If every Provincial Government is made to undertake one or two large-scale key industries according to local needs and the resources at its disposal, most of the principal varieties of heavy industries can be established in this country under normal conditions in about three years time. To start key industries in this way would be a great gain to the country since it can be undertaken in any Province without either the Government or the public feeling the strain. The chief concern of the Government in every progressive country is to create facilities for the rapid development of all classes of industries and particularly the large-scale ones; but in India no such tendency is noticeable on the part of the Government, and valuable time is being lost.

19. The following may be taken as a dozen most important large-scale industries needed by the country at the present time :—

1. Ship building
2. Railway Locomotives and Rolling Stock

CLASSIFICATION OF INDUSTRIES

3. Power Machinery, Oil Engines, Diesel Engines, Gas Engines
4. Automobiles and Aircraft
5. Industrial Machinery and plant
6. Electric power and Hydro-Electric power Machinery
7. Production of Armament Machinery, Aero-Engines, Motor Trucks, Tanks, Guns, and other Mechanised Military Equipment
8. Machine Tools, Scientific and Precision Instruments
9. Chemical Industries—Sulphuric Acid, Fertilizers, Caustic Soda, etc.
10. Agricultural Machinery
11. Aluminium
12. Dye-stuffs and Rayon

If the country's needs are to be adequately met, preparations for the establishment of a large number of the type of industries mentioned above should be commenced without further loss of time, by Government constituting a proper post-war reconstruction board or committee with a competent executive staff under the guidance of a trusted Indian industrial leader as chairman.

20. As regards medium-scale industries, the sympathy and attention of Government will not be necessary to the same extent as for large-scale industries because

PROSPERITY THROUGH INDUSTRY

most of the medium-scale industries can be fostered by private effort, by non-official industrialists and businessmen, and all that Government need do is to extend its sympathy and co-operation and withdraw its impediments. The Provincial Governments should follow the practice common in all progressive countries, of protecting the industries within their jurisdiction as far as it lies in their power from foreign competition, and of encouraging promoters by granting subsidies, contributing to share capital or guaranteeing for a limited period interest on the private capital invested. This manner of State-aid to industries on a small scale has been practised with success in the Mysore State. Industries so aided often prove a potential prolific source of revenue to Government.

21. Another reason why minor or cottage industries have not prospered as they ought to have is that through illiteracy a large number of persons engaged in these industries are ignorant of the elementary scientific principles and business practices necessary for securing a profitable return, or saving money by thrift for future use as capital. All classes of industrialists in this country labour under the handicap of lacking reliable information and concrete statistics to guide them in shaping policies. This observation holds good with respect to both large-scale and cottage industries.

22. Small-scale or minor industries are of special value to the rural population as a source of income in the periods of unemployment which in this country extend from about four to six months in the year ; con-

CLASSIFICATION OF INDUSTRIES

sequently, they should be planned wisely and given substantial support and encouragement. The small man and the home industry still hold a primary place in village economy. Lack of capital is, however, an eternal problem with him. The requisite financial facilities should be provided, and progress from year to year watched and reviewed by maintaining reliable statistics. Care should be taken to encourage at first only such cottage industries in a given area as would directly assist the rural population to meet its subsistence needs.

23. **Subsistence Industries.**—The district is the principal administrative unit in British India and the total number of districts is 232. There being no administrative agency to watch the relation between production and population in a district, things are in a chaotic condition. The variation in *per capita* production and income between districts situated far apart is very marked. It is possible to prepare an estimate in money value of the tangible goal in goods and services necessary for bare subsistence. The agricultural production can be roughly estimated from Revenue Reports. For industrial production, a census could be taken. If rough calculations are made of production both from agriculture and industries for every district in this way, an approximate idea can be formed of how far, above or below bare subsistence level, the present income of the population of a district stands.

The district council provided in the sequel will have to undertake the census of industrial production to

PROSPERITY THROUGH INDUSTRY

enable the people of the district to watch and make their advance in production from year to year. The chief object of the organization is to go on increasing products from industries, and along with the products of agriculture to make the district self-sufficient and self-supporting.

The industries to be developed by the rural population will be mainly what are known as minor or small-scale industries, a representative list of which is given in Table II in the Appendix. The production of luxury goods should be avoided as far as possible in rural areas at least for the next ten years, or until an appreciable rise is secured in the standard of living of all those who at present live below the poverty line.

IV. SETTING UP AND OPERATING AN INDUSTRY

24. The business public in this country have to be trained in vastly larger numbers than is done at present to acquire the information and qualities needed for success in industries. Modern industries confer great advantages on people. There are also many pitfalls and complex technicalities associated with them which lead to failure or disappointment unless they are carried on by men who have a knowledge of the risks involved. Training in a College of Science, Technology or Commerce, or apprenticeship to an industry are some of the means by which such knowledge is acquired. There are persons with traditional business instincts who concentrate on and intuitively pick up all the information required and are able to direct operations in an industry to their goal with unerring precision.

Modern industries and occupations are advancing rapidly in discipline, alertness and skill. To obtain a clear concrete idea of the true industrial advance of a region, statistics of industries and occupations have to be separately considered. The terms industry and occupation are two distinct concepts. Occupation is personal and individual to the worker; industry is based on the firm, undertaking or service with which the worker is associated. While an industry may provide room for several occupations, an occupation rarely forms a complete industrial unit by itself.

PROSPERITY THROUGH INDUSTRY

There has been a complete revolution in the methods of productive activities since the factory system came into general use. Within the past forty years, the factory machinery has been undergoing considerable improvement and with the practical application of electricity and chemistry to industrial processes, a far greater variety of industrial products is being turned out at the present time. The costs of products are also undergoing a progressive reduction.

25. A factory consists of buildings, machinery and plant and is usually worked by mechanical power. Commodities needed for human consumption are produced more quickly and at less cost than was being done formerly when the machinery used was crude and the power which worked the machinery was that of human beings or animals. The adoption of mass production methods has resulted in phenomenal reduction in the costs of manufacture. The recent revolutionary development in transport and communications is also the outcome of industrialism.

26. When a new industry is to be started, certain preliminary investigations are necessary. The product is the chief item by which an industry will be known. It is necessary to make sure that there is a profitable market for the product, that the raw material required is within reach, and that the capital needed to construct the buildings, provide the machinery and motive power, purchase materials and pay the labour from time to time until the industry begins to earn, will be forthcoming.

SETTING UP & OPERATING AN INDUSTRY

The essential requirement of a modern industry may be considered under seven heads as follows :—

Management,
Money,
Market,
Motive power,
Machinery,
Men (labour),
Material.

These may be easily remembered as the seven M's of modern industry.

A firm of consulting engineers or experts may be invited to examine local conditions and furnish a working scheme. In the case of large-scale industries, the promoters will find it to their advantage to associate themselves with an already existing industry of the same class or description in this or in a foreign country. The interests of a foreign firm may be secured by paying a fee or royalty for its co-operation and advice.

27. The common legal unit in an industrial concern is a public *company* with a limited liability. This form of business structure has done much to promote industries and industrial activities in various parts of the civilized world during the past seventy or eighty years. Some large-scale industries are owned by individual capitalists or businessmen in partnership but the company form of co-operative system is coming into general use for every industrial unit of appreciable size.

PROSPERITY THROUGH INDUSTRY

Capital is raised in the shape of shares from the general public. The shareholders appoint a board of directors who establish, operate and administer the industry. Generally speaking, money is hired like labour and the shareholders are only interested in getting a reasonable dividend on their investment, and the group of directors who comprise the Board, take full responsibility for the management of the industry. The shareholders have to see when the time comes for electing or re-electing members that the Board is made up of men of integrity, capacity and initiative.

Mechanical power required in a factory may be provided by one of the other of several sources,—coal, oil, wood fuel, or water power. Coal and oil are the most common at present and the supply from hydro-electric installations is growing in volume.

28. An industry is a complex operation. Methods and process of production and operation differ from industry to industry. No uniform treatment is applicable to the circumstances of every case and no model organization can be prescribed to which every industry can conform.

The operative part consists in following the processes known by experience to be effective in working the industry. The purchase of raw material and the profitable disposal of finished products by sale constitute important factors in successful operation. Where there is local competition, continued success could be assured only by a constant effort to improve the qua-

SETTING UP & OPERATING AN INDUSTRY

lity, increase the quantity and reduce costs of production.

A competent manager is a valuable asset to the industry. It is desirable to find for that office, if possible, a person known for his energy and rectitude of conduct who has had previous experience in the same or a similar industry elsewhere.

Recruits for future positions in an industry should be secured from among young persons, trained in engineering, chemistry, or commerce, at a University or a technological institute. In progressive countries the more respectable and enterprising industrial firms engage the services of bright youths who have shown ability or talent during their college course. In many instances, they are recruited even before they graduate. The supply of such persons in this country is very inadequate and many of the persons who have in the past risen to the front rank of industrial life in India have been self-made men. Such men usually qualified themselves for their positions by cultivating their natural gifts by intense application and industry.

Regular *accounts* are maintained from day to day or month to month and, at the end of the year, the directors' report on the working of the industry is submitted to a meeting of shareholders. The report usually gives an account of the principal transactions of the year and along with it are submitted a balance-sheet of assets and liabilities, a profit and loss statement and sugges-

PROSPERITY THROUGH INDUSTRY

tions for the appropriation of net profits to the shareholders of the company.

29. Industrial management is undergoing constant changes and improvement in the interests of efficiency and economy of operation. Experience is adding new methods for the purpose. In recent years a practice known as rationalization has developed. Rationalization is really a combination of measures, devices and processes which helps to secure the maximum of output with the minimum use of raw materials and human labour in an industry.

There are Departments of Industries but no industrial organization as such in this country. The time has arrived for introducing a satisfactory industrial organization associated with adequate protective tariffs, banking facilities and statistics. Such a structure will inspire confidence and the industry-minded public will be encouraged to band themselves into associations of mutual help for building up new industries.

V. SETTING UP AND OPERATING AN INDUSTRY—(Contd.)

30. One of the main objects of the A.-I.M.O. is to introduce some kind of order and system into the working of industries and to make sound industrial practices common and popular both in urban and rural areas in every part of the country.

The description and procedure explained in the preceding section apply to (1) large-scale and (2) medium-scale industries both of which are classed as organized. The small-scale and cottage industries also form a very important group. Some of the small-scale industries are organized and the Factory Act of 1934 applies to them. There are many unorganized industries and handicrafts which are carried on in small workshops and individual homes. According to the census of 1931, out of a total of over 25 million employed in plantations, mines, industry and transport, only 5 million were taken as the probable number of workmen engaged in the organized industries of this country.

31. Minor or cottage industries require facilities mostly in the interest of the poor. If all the minor industries are brought under efficient supervision and arrangements made to help the village craftsmen with advice and financial aid, the craftsmen will benefit, the village communities will benefit, and in due course also the revenues of the State.

PROSPERITY THROUGH INDUSTRY

The reason why the United States of America is today the most progressive industrial country in the world is that the Government and the industrialists in the States have between them equipped the country with the necessary facilities and aids and up-to-date business methods, and the fullest advantage is taken of every new scientific discovery or invention. The people there have developed to a high level of perfection the gospel of work and the inestimable quality of team spirit. For want of organization, and the subordinate position occupied by the people in their own country, these qualities are lacking in the Indian population.

32. For purposes of clarification, all small-scale industries may be considered under three heads :—

- (1) Organised small industries,
- (2) Unorganized small industries, and
- (3) Cottage and home industries.

A small-scale industry may be defined as a concern employing a capital of Rs. 1 lakh or less. The description and details given in Section IV apply also to *organized* small-scale industries although many of the suggestions made are too elaborate for the latter. In what follows special reference will be made to village industries comprising—

Unorganized small-scale industries, and
Cottage and home industries.

A list of small-scale and cottage industries from which the village population may make a choice when

SETTING UP & OPERATING AN INDUSTRY

they want to start an industry is given in Appendix II of this booklet to which reference is invited.

33. Since 93 per cent. of the population of this country live in villages, it is imperative that the village should play its due part in the country's industrial development. For single villages the cottage form of industries seems suitable. These industries are usually run by families working with their own resources of material and men. Weaving and other arts and crafts are carried on in various districts in this way. Since their methods of work are non-modern, the craftsmen engaged in industries can hardly make a living. Improved methods of running village industries on modern lines are, therefore, a national necessity.

34. The principal requirements the village craftsmen will need, in a practical form, for starting and operating an industry are—

- (1) Necessary capital to start and run the industry,
- (2) Proper equipment for the industry,
- (3) Raw material and supplies for the manufacture, and
- (4) Marketing the finished product.

The owner or proprietor's chief difficulty is capital. He has to depend on the village sowcar who usually advances money and takes over and sells the product. The worker fares badly under this practice as these

PROSPERITY THROUGH INDUSTRY

transactions keep him almost always in heavy debt to the village sowcar.

A survey should be made, and each village or group of villages advised what industries may be taken up by it or them with advantage. The village artisan should be made independent of the village shroff or sowcar for his finance, though the latter may continue to assist him in marketing the product. .

People who start industries should be prepared to take risks. If the industry happens to be one of appreciable size, the company-form of ownership in which the risks are distributed among the shareholders, is the best form to adopt. Advice will often be wanted on methods of manufacture, the right type of equipment to be used and other requirements mentioned already.

Sooner or later, a local technical committee will have to be formed in district areas consisting of businessmen and experts to advise and solve the day-to-day problems of village industries.

Constant improvements in quality and methods of manufacture will stabilize an industry and give an impetus to its progress. Any neglect of quality in order to meet unfair competition will bring about the ruin of the industry even though all other circumstances may be favourable.

35. Future progress depends on combination. Safety lies in villagers working in co-operation. Where the industry takes the form of a company or partner-

SETTING UP & OPERATING AN INDUSTRY

ship concern, it is expected that the partners will not make too much of each other's rights and grievances but endeavour to work in a team spirit.

The future progress of the country depends on grouping villages and pooling resources, and on people learning to work on industries without jealousies or quarrels. Improvement in these respects will come about when more people in villages are educated, but it should be possible to secure team spirit among the illiterate by appealing to their self-interest.

The older craftsmen used to work in castes, guilds and groups. The future hope of the village population advancing industries rests mainly on their capacity to develop the co-operative spirit. Villages should form into groups and individual craftsmen should pool their resources and work in companies or partnership concerns wherever possible. At the same time facilities and conveniences should be secured for industries and occupations practised by single families and individuals.

36. The Departments of Industries in the several Provinces are showing some interest in the work of the village craftsmen. The All-India Village Industries Association is also doing some useful work in the development of cottage industries; but there is no organized effort or drive, and no attempt is made to demonstrate actual progress by statistics of the quantities or value of products manufactured in a year, or other given period.

VI. A CENTRAL ORGANIZATION TO PROMOTE INDUSTRIES

37. In the absence of any organization in the country specially designed to stimulate its industrial activities, the Association of Indian Industries in Bombay convened in March, 1941, an All-India Manufacturers' Conference to provide a common platform for devising ways and means for promoting the rapid growth of the country's industries. The presidential address at the Conference outlined a plan for placing on a permanent basis a system of work, which the public in the country as a whole, as well as in individual regions might follow in order to promote the rapid development of industries by co-operative effort. The Conference resolved that the Association of Indian Industries should be requested to constitute a Central Committee of representative industrialists, to draft a constitution and plan for the new Organization. Accordingly, at its first meeting in Bombay, the newly constituted Central Committee drew up and sanctioned a constitution for the All-India Manufacturers' Organization. The constitution then sanctioned, with a few subsequent modifications, is being followed ever since in conducting the work of the Organization.

Under this constitution, the work of the Organization has to be carried on (1) by a Central Committee in Bombay, and (2) by Regional Organizations such as District Councils, Provincial Boards and Village Group

A CENTRAL ORGANIZATION TO PROMOTE INDUSTRIES

Committees all over the country according to local needs, conditions and circumstances. The present Central Committee in Bombay is composed of representative manufacturers and businessmen from Bombay and several parts of India. The Central Committee is the chief authority to control the Organization in its day-to-day work as well as in the prosecution of its permanent aims and developments. It is associated with a Working Committee and three other Special Committees. This combination constitutes the Central Organization. Its main endeavour will be to utilise the organising ability of industrialists and businessmen and the working efficiency of the labour population for overcoming the difficulties and safeguarding the interests of existing industries for establishing a large number of new ones, and for popularising industries as a nation-wide occupation of permanent value for the present and future citizens of this country.

38. The Central Committee in Bombay, representing the main Organization, will interest itself in the larger questions connected with the development of Industries in the country as a whole. One of its chief duties is to bring into existence separate smaller units such as District Councils in all areas in the interior where the people feel the urge, or where there is scope for industrial expansion or for new industrial enterprise. These separate units, designated Regional Organizations, will form, in a sense, feeders to the Central Organization in Bombay. The plan ensures that, from a principal centre like Bombay, well co-ordinated con-

PROSPERITY THROUGH INDUSTRY

tacts can be established with groups of qualified persons all over the country willing and able to take part in an industrial drive.

In the pursuit of these objects, the Central Committee will meet at least once every three months, and consider, *inter alia*, the necessary measures for—

- (1) Starting new industries and increasing production from existing industries of every description as opportunities present themselves, and
- (2) Collecting and circulating data relating to the establishment and working of all three classes of industries.

39. The Central Organization will arrange for the comparative study of Indian industrial problems in the light of modern developments in advanced countries. In this respect the most important duty of the Central Committee will be to collect and publish essential statistics of industries of educative value for purposes of propaganda, and statistics taken from this country, as well as from foreign countries which are successfully carrying on industries of every modern type.

The principal heads under which statistics should be collected at the outset may be :—

- (1) The capital invested in industries and capital per head of population (calculated separately per head of working population, and of total population);

A CENTRAL ORGANIZATION TO PROMOTE INDUSTRIES

- (2) Number of workers employed ;
- (3) **Gross value of the products manufactured, and value added by manufacture per head of working population ; and**
- (4) **Net value of products from industries in the area or region concerned and net value of same per head of the total population.**

The wording in bold type in the above list indicates the actual figures to be collected. The rest of the information required can be deduced.

40. Aided with statistical data and other useful information, the Central Committee in consultation with successful industrialists, businessmen, technical experts, and university professors, proposes from time to time, to outline plans to mobilise capital, raw and semi-raw material, and talent required for the rapid industrialization of as large a portion of the country as possible. After examining existing facilities for commercial and vocational training of Indian youth, steps will be taken to suggest improved systems of *technical, industrial and commercial education* required in the country. The Central Committee will also give adequate attention to *research* in industrial establishments and scientific institutions with a view to the adoption of improvements in the methods and processes of production, in the quality of products manufactured and ensure economy in the costs of production.

PROSPERITY THROUGH INDUSTRY

The entire work of the Central Committee and its regional branches, here described, will, it is hoped, result in giving a unified conception of Indian industries which would be helpful to the public for regulating the measures necessary for immediate post-war reconstruction as well as those needed for programmes of activities in future years.

41. With a view to keep alive the country's interest in her industrial problems, it is arranged that every year, about the month of March, the Central Committee shall hold in Bombay, or at one of the regional headquarters, an All-India Manufacturers' Conference to review the progress made during the previous year in the industrial sphere and to devise ways and means for the rapid industrialization of the country in the ensuing and subsequent years. So far, three such Conferences have been held—one in March 1941, in Bombay, the second in March 1942, in Poona and the third in February 1943 in Baroda.

VII. REGIONAL ORGANIZATIONS

42. Enough has been said already to carry conviction to the most sceptical among us that India is at present industrially and from an economic point of view an ill-organized and backward country. Improvements should be effected in this respect by a redistribution of occupations and by preparing the population to get used to better discipline and more energetic working habits, so as to raise the level of productivity and attain a higher standard of living. There should be room in an organization of the sort contemplated both for central direction and for local initiative. It is necessary to establish regional organizations all over the country for this purpose. These organizations may be of five classes, each with a separate corporate body or society at its head, as stated below :—

- (1) A *Provincial Board* in every Province and a *State Board* in every large Indian State, with its headquarters in the chief city of the Province or State;
- (2) A *District Council* for every district having its headquarters in the chief town of the district;
- (3) *Village Group Committees* for the purpose of encouraging industries in group of villages with a central village of the group in each case as its headquarters;

PROSPERITY THROUGH INDUSTRY

- (4) A separate *City Council* for every city which has organized industries and is, otherwise from an industrialization point of view, important enough to be formed into a separate unit; and
- (5) *Special Committees* for any area whose inhabitants may, for any reason, wish it to be treated, with the approval of the All-India Manufacturers' Organization, as an independent unit, distinct from the rest of the above four classes.

Special importance should be given to the *district* as a regional unit, it being the best known administrative unit in the country with its population averaging a million and a quarter inhabitants. A district conveniently situated should be taken up first where leaders could be found, who by self-help and initiative, are able to develop industries on co-operative basis. The operations of one such district, when standardized, will facilitate successful attempts in the remaining 231 districts which comprise British India.

43. The smallest unit in the organization is a village committee formed for the industrial elevation of a group of villages with a combined population of, say, 5,000 to 12,000 inhabitants. The *District Council* which represents the next higher unit will, with the help of its executive, guide and supervise the working of village committees. The next higher agency is the Provincial Board which regulates the working of *District*

REGIONAL ORGANIZATIONS

and *City Councils*. The Central Committee in Bombay, which, as explained previously, will be composed of leading business men and industrialists from various parts of the country, will regulate the work of the Provincial and State Boards, and where such Boards are not formed, of the district and city councils in direct communication with them, and also of the entire organization and operations of the A.-I.M.O.

Industries in this country are literally the concern of the people in as much as Government policies are unfavourable and industries are left almost entirely to private enterprise. Even in industrial England it is the practice of Government to grant subsidies and subventions to industries which are of national importance or which bring profits to, or add to the wealth of, the people. Such industries are also a source of revenue to Government wherever they prosper. In the absence of Government support, enthusiastic and patriotic industrialists, businessmen and leading men of the local communities generally have to come forward in large numbers and take the lead in forming and maintaining the various Regional Organizations mentioned above. Any region which is unable to put forward such men, who could work in a co-operative spirit, will be sacrificing its opportunities for improving its position and will have to resign itself to continued helplessness and poverty.

Whenever necessary and possible, an attempt should be made to obtain the co-operation of existing local associations, connected with industries or commerce or

other associated activities, which may wish to take up the work of promoting industries in its neighbourhood until a regular regional body is established in the locality. The help of Government Departments of Industries and of other local agencies, like Municipalities and District Boards, should also be sought wherever obtainable.

44. In each region a local organization should be formed, composed of leading men in industry and commerce and of other representatives of local associations and public bodies who may be willing to take part. As far as possible, the services of all persons of resource or talent, in the area concerned, should be enlisted, so that they may associate themselves in some manner or other with this great national work. Lists of names of such persons should be maintained by organizers in the region.

45. The chief duties of these Regional and Local Bodies will be :—

- (1) To be alert and constantly working for the promotion of new industries (or for extending or improving existing ones);
- (2) To be constantly on the look out for talent, capital, and material resources generally, which may be helpful for the industrial development of the region;
- (3) To afford facilities to the inhabitants of the region to start branches of industries or

REGIONAL ORGANIZATIONS

firms working successfully outside the region, whenever it is found advantageous to do so ;

- (4) To carry out surveys of natural resources and maintain statistics of existing industries ;
- (5) On the basis of information so collected to prepare plans for the rapid development of existing industries and the establishment of new ones ;
- (6) To spread correct information regarding the Government's industrial policies and organize effective public opinion thereon ;
- (7) To help with advice or to arbitrate in the removal of obstacles, grievances and hardships in the day-to-day working of industrial establishments and occupations in the region ;
- (8) To popularise the work of Swadeshi products through industrial museums, exhibitions, and other forms of propaganda ;
- (9) To organize centres of research and experiment to serve as clearing houses of technical information in the interests of existing industries and their future growth ; and
- (10) To establish information and travel bureaux required to increase facilities for persons travelling on business.

PROSPERITY THROUGH INDUSTRY

46. The country is at present ill-equipped for the growth of industrial and commercial life. The travel facilities needed are hotels and inns, more banks and branch banks, and agencies to afford information and guidance usually required by persons travelling on business or for recreation or pleasure. The facilities should be for the barest necessities and of the simplest kind at first, but they will increase in number and quality with every increase in the earning power of the travelling public to pay for them.

VIII. DISTRICT COUNCILS AND VILLAGE GROUP COMMITTEES

47. A district being the commonest regional unit, a *District Council* (representing the regional organization appropriate for a district) and its associated activities will be described here in some detail to enable its inhabitants to form a clear idea of the activities expected of them if they wish to achieve industrial advance by the measures advocated by the All-India Manufacturers' Organization.

48. Members of the Central Committee in a district, along with other persons interested in industrializing the district, are expected to come together and collect a couple of dozen names of men of ability, influence and resource among them to form a *District Council*.

The Council should consist of not less than 5 and not more than 12 members. It should

- | | |
|------------------------------|--|
| 1. District Council | appoint a small Working Committee |
| 2. Working Committee | usually of three members with |
| 3. An Industrial Association | powers to co-opt other capable |
| 4. Funds | persons to carry on the executive |
| | duties of the organization on behalf |
| | of the <i>District Council</i> . The lead- |

ing member of the Working Committee should hold the office of Director or Chief Officer of the district organization of the A.-I.M.O., in full executive charge of affairs, under the direction of the *District Council* for a period of one year in the first instance. All the members of the Working Committee as well as others co-opted by the Committee would, unless re-elected by the

PROSPERITY THROUGH INDUSTRY

District Council, be liable to be replaced at the end of their first year of office.

49. The *District Council* will require funds, facilities, and the help of the local people to carry on propaganda. Without these it cannot exist. For this purpose the people in the district genuinely interested in the industrial movement should come together and form themselves into an Industrial Association. The Association may ordinarily meet once in six months, and if necessary oftener. It should seek to maintain the *District Council* at a high level of efficiency by inducing capable and enthusiastic citizens to become its members. Funds should be raised by public subscription, by obtaining donations from philanthropists, and by inducing successful industries and factories already working in the district to subscribe sums according to their means.

50. The District Association will be expected to convene conferences every half year to concert measures for starting new industries and for protecting the safety and progress of existing ones. The people engaged in various industrial occupations should be induced to work harder and acquire higher skill and capacity. The average citizen should cultivate a mechanical turn of mind and become industry-minded. The public should be warned not to give credence to the wrong lead given in the past that Indians should content themselves with farming and agriculture. The intelligent and educated sections of the public will be rendering a service to their district by keeping under study the comparative figures

DISTRICT COUNCILS & VILLAGE GROUP COMMITTEES

and Tables given both in the body of this booklet and in the Tables in the Appendix, and similar figures obtainable in future from Government publications and reliable reviews and reports of Chambers of Commerce and other associations from time to time.

51. To ensure effective progress of industries in a district, the *District Council* and the district inhabitants should see to it, by frequent representations to the authorities and otherwise, that Provincial Governments give all the help in their power, that those Governments act promptly as occasion demands and that the district is provided with the necessary equipment under the five heads noted in the margin.
- | | |
|---|--|
| 1. Protective Tariffs | |
| 2. Statistics | |
| 3. Banking Facilities | |
| 4. Technical, Commercial & Business Education | |
| 5. Hotels and Travel Facilities | |

52. The great danger in these days to local industries is foreign competition in various forms. In recent years Government have been giving some protection to industries, though it is still halting and far from adequate. The progressive leaders in the districts should watch the effect of foreign imports on individual local industries and bring to the notice of Government and the Legislatures any specific instances of unfair competition from outside the country with a view to obtain prompt protection or redress.

53. Due to lack of statistics, the public are unable to get any idea of the extent of production from agriculture or industries and of the population unemployed in any region. It is therefore necessary to collect and

PROSPERITY THROUGH INDUSTRY

maintain reliable statistics which would give a general idea of production, income, economic position, and opportunities for employment in the district. Since Government have not been collecting the necessary statistics, the public themselves should undertake their collection as far as it is in their power to do until Government decide to attend to this work. Village groups of suitable size should be formed and the leaders in them asked to supply the more essential statistics for their part of the district. At the beginning it will be difficult to obtain complete statistical information from backward regions and the *District Councils* have to content themselves with estimates based on test collections and experiments. But after some practice, given a reasonable degree of earnestness and enterprise, all essential statistics can be collected in a complete form for the entire district by the people themselves.

54. Government credit should be utilised and banking facilities provided to a much greater extent than is done at present in order that persons engaged in productive activities may easily obtain working capital. It should be possible for local banks and co-operative societies to provide working capital for both large and small-scale industries at a much lower rate of interest than is now available.

55. The urgency of giving the younger population of the district a training in the rudiments of business, commerce and economics should not escape the attention of local leaders. They should strive for the establishment of suitable institutions, both Government and

DISTRICT COUNCILS & VILLAGE GROUP COMMITTEES

private, for the purpose. Courses of evening lectures on popular subjects should be arranged.

56. On account of local traditions and caste prejudices, commercial travellers find it difficult to obtain lodgings and board in rural areas. The *District Council* should be able to make proper arrangements in future so that any traveller who comes on business may obtain food and lodging on payment of a reasonable charge.

Transport facilities by buses and village carts are at present available, but they should be improved and placed on a more business-like basis to render travelling at short notice easy and comfortable.

57. A drive or campaign is necessary to intensify all the measures recommended above to enable the local population in a region to adopt and practise prompt and up-to-date methods in operating industrial enterprises. A spirit of teamwork, of give and take, is essential for success.

Under popular leadership, the people of every area should be roused, by constant appeals to their patriotism and progressive inclinations, to aspire for, and show, appreciable increase in production from industries from year to year. On account of past neglect, opportunities of increasing production on modern lines have not been availed of. Continuous successful increase of production will, therefore, be possible at least for the first ten years from commencement of the working of such a scheme.

Local leaders imbued with team spirit should arrange to take stock of existing industries, plan for new industries and extensions of existing ones, and

PROSPERITY THROUGH INDUSTRY

review progress from quarter to quarter. The drive should also aim at the improvement of industrial workers by creating in them a sense of duty and discipline, a true team spirit and loyalty to their employers or management. Gradually, the people of the district will feel a pride in following the guidance of the *District Council* when they find that by co-operative effort they are able slowly and appreciably to increase the production of goods and services in the area and strengthen its economic position.

For assessing future progress, the drive should begin by collecting the following particulars (vide also paragraph 34)—

1. Name of Town or Village Group
2. Establishments } Number
 (industrial)
3. Value of products in Rs.
4. Employees — Number
5. Salaries and Wages in Rs.

58. In the course of the discussions in this Organization the question of forming village group committees has been considered. The average village population of an Indian village being in the neighbourhood of 450 persons, there will be some 85 families in a village. A village of this size will not have sufficient resources in men or money to maintain an Industries Committee. It was accordingly proposed that a group of, say, half a dozen or more villages should form themselves into a village group unit with a central village of the group for their headquarters. They should pool their resources and bring into existence a *Village Group Industries Committee*.

IX. NEED OF LONG RANGE REFORMS

59. There are many defects in outlook and behaviour which have come down to us from tradition. In some cases, these are very difficult to remove, unless a nation-wide propaganda is launched for the purpose by means of an appropriate educational system and a five-year or other plan. There is a host of factors in our social system which militate against progress, and which also affect industries ; and they can be removed only by educating the masses, by new State policies, and by determined propaganda carried on under the guidance of trusted national leaders.

60. A second great disability is that the Indian population is not in close contact with Western nations to follow or copy the business practices of the latter to any great advantage, or to utilise their labour-saving and production-aiding appliances. While modern business conditions are becoming more and more complex, there is a disinclination to learn from outside due to ignorance of the advantages of such knowledge. In their own country, enlightened popular leaders, on account of the subordinate political position of their country, have no power to regulate or enforce collective economic policies needed to develop modernization, mechanization, or industrialization.

61. At the present time, agriculture happens to be the principal industry of the great bulk of our popula-

PROSPERITY THROUGH INDUSTRY

tion. The occupations of the people are therefore few in number and primitive in character.

62. Industries and the services associated with industries are vastly more important as a source of income than agriculture and its ancillary activities. But industries have long been in the shade of neglect in India and there is no agency at present, either on the Government side or of the people, which is actively interesting itself to remove the prevailing unbalance. The All-India Manufacturers' Organization, if widely supported, hopes in some measure to supply this omission on behalf of the people.

63. Both agriculture and manufacturing industries are necessary for a country's welfare but they should be proportioned and balanced in the manner and to the extent found beneficial by long experience in progressive countries. For lack of suitable occupations vast masses of the population have been compelled to seek a living by cultivating the soil. About two-thirds of the population of the country is dependent on agriculture and less than one-tenth on industries—chiefly industries classed as cottage or minor—whereas in a country like England over 47 per cent. is engaged in industries and only 6 or 7 per cent. in agriculture. Progressive countries as they grow in civilization and prosperity automatically reduce their population engaged in agriculture. As already stated, it was nearly a hundred years ago that the United States of America had the same proportion of population—namely, 67 per cent.—engaged

NEED OF LONG RANGE REFORMS

in agriculture that India has at the present time. America has enormously increased her prosperity since, and brought down her population engaged in agriculture to 22 per cent. India has now to take similar measures and resort to extensive productive activities in the field of industries if she is to increase her national income. Her 67 per cent. agricultural population should be reduced to 33 per cent. (a rough average figure for a group of industrialized countries) as early as possible and to 22 per cent. or a lower proportion later by special planning. There is in India abundant and immediate scope for raising the people's income in this manner and also through an increase in agricultural production.

64. Support and encouragement can be given in many ways by Government if they choose to be helpful but there is no sign yet of their desire or willingness to promote industries. In Great Britain, for instance, subsidies to shipping were sanctioned by the British Shipping Act, 1935; financial assistance was given to the sugar industry before the war; a special Act was passed in the British Parliament to encourage the dye-stuff industry. If the present world trends are closely watched, it will be found that the tendency everywhere—even in countries like the United Kingdom and the United States of America—is towards self-help and economic nationalism. Indian industrial and political leaders should take note of this fact and insist that the future Government of this country—whatever its political complexion—shall be guided by no lower ideals in

PROSPERITY THROUGH INDUSTRY

its duty to its population in this respect. If world practices are to be our model in future, the public are entitled to claim from their Government every help including financial aid for their industries.

65. Among long range measures needed to raise the capacity of the people, and increase their earning power, the expansion of mass education stands in the forefront. The youth of the country should have an opportunity of gaining a knowledge of the duties of citizenship and a modicum of knowledge of economics. A third measure is to bring home to the common people by intensive propaganda the message that if they wanted to increase their earnings and live in decency and comfort, they should give up their traditional apathy and indifference and cultivate the modern habits of planning, preparation, toil and effort in their individual households. There is no recognised industrial structure in this country. Till recently there was not even a uniform system of weights and measures for this sub-continent. If the occupations in the country are properly organized and distributed according to systems and practices common to progressive countries and the districts are suitably equipped for production, the resulting increased employment alone will go far to make the people of India alert and efficient and enable them to earn an appreciably higher living.

66. New and revolutionary changes are foreshadowed as a result of the growth of science, invention, and the two great wars. In highly developed

NEED OF LONG RANGE REFORMS

societies, experts are planning systems of national life in which, given an ordered life and the observance of certain recognised duties on the part of the public, an adequate living can be guaranteed to every family in the community or country. For such a system to materialise, self-control and co-operative effort of a very high order will be needed. Human civilization is striving in this direction but the goal seems to be distant yet. In India even the thought of such a goal is at present an impossibility. A time may, however, come when public organization may be so perfected that, subject to the faithful observance of certain recognised rules of conduct and habits of work, employment can be found for every citizen fit to work and a reasonable standard of living guaranteed to every family.

Speaking on a future policy of *Reconstruction* for Great Britain, Mr. Ritchie Calder in a recent book in "*The Democratic Order*" series puts the same idea in a different form:—

"A first principle of all our social planning must be nutrition. Every one must be guaranteed the food which is necessary to maintain him in health. We must have some form of Nutrition Service which will be as rationally conceived as our sanitary service and as commonplace as our water supply . . . It will be the duty of the community to see that every individual has a basic ration of the essential health—or protective-foods on, perhaps, the same principle as the water rate."

X. AN ATTAINABLE PROGRAMME OF ACTION

67. From the foregoing facts it is obvious that action, or absence of action, on the part of Government has placed distinct limits on this country's productive capacity, material progress, and national destiny. The A.-I.M.O. expects all citizens who have any pride of country and concern for its future safety to strive to the best of their ability and opportunities, to increase productivity—particularly under industries—and remedy the existing disturbing situation in India. The measures needed to cure industrial deficiencies and redress unsound economic policies can be satisfactorily conceived and enforced only by an India Government which believes in the importance of industries as a means of raising the income and standard of living of the people, and which repudiates the conviction openly expressed by the present Government, namely, that "India is, and for a long time yet likely to be, mainly an agricultural country."

68. We will now conclude by enumerating the more important remedial measures which the situation demands and which may be taken as constituting *an attainable programme of action*.

- (i) The establishment of a Post-war Reconstruction Committee or Board, composed of leading public men, representatives of several commercial and business interests, and delegates from public associations and insti-

AN ATTAINABLE PROGRAMME OF ACTION

tutions, is overdue. The measures already taken by Government are wholly inadequate to serve their avowed object.

- (ii) A Five-Year Plan or scheme should be prepared and sanctioned for individual regions as well as for the whole of India, making provision for a collective *capital investment*—mainly on heavy manufacturing industries—of not less than Rs. 1,000 crores in the country as a whole.
- (iii) So badly is production starved at present for lack of plan or organization and financial and other facilities that, if Government co-operated with the public in these respects on the scale needed in the post-war period, it should be possible to double the present production and income in the country in five to seven years time.

With a modern organization and by adoption of up-to-date commercial practices, production from agriculture will also increase automatically.

- (iv) **Heavy Industries.**—The more important heavy industries to be started or extended under the Reconstruction programme, immediately after the War, are the following :—

Steel,

Automobile,

PROSPERITY THROUGH INDUSTRY

Aeroplane,
Ship building,
Heavy Chemicals like Carbonate of
Soda,
Dye Stuffs,
Heavy Engineering industries.

The country would warmly welcome any measures that would lead to the early establishment of a dozen large-scale or heavy industries including the seven mentioned above. It has been suggested before that the Provincial Governments should take up one or two heavy industries each. If this is arranged, all important key industries can be started and would be in operation in less than three years time.

- (v) Factories for the manufacture of machine tools and machinery should receive prior attention. In this machine age it is but fitting that a good proportion of the younger population should give time to studies and workshop practice connected with mechanical engineering. Enterprising youths who have the opportunity and facilities might set up small workshops and carry on home studies in this subject with profit to themselves and benefit to the country.
- (vi) **Defence Industries.**—There is no reason why in future the country should be dependent

AN ATTAINABLE PROGRAMME OF ACTION

on foreign manufacturers for military equipment and war machinery. It is no longer wise to leave the country unprotected against foreign invasion in every world disturbance. Some of the war machinery for which provision should be made immediately are :—

Aeroplanes

Motor trucks

More steel and high grade tool steel

Shipping

Explosives, Shells, Bombs, etc.

Armoured carriers

Field artillery tractors

Armoured fighting vehicles

Guns, Rifles and Bayonets.

If heavy and defence industries are started in the country even as Government establishments under interested Indian control, not only will the country obtain the machinery that it needs, but it will also save enormous sums of money now paid to foreign manufacturers.

It may be mentioned here that both Canada and Australia decided to manufacture military equipment and war material in the present war, and both have achieved remarkable success. On account of its political subordination, India could not follow their example

PROSPERITY THROUGH INDUSTRY

(vii) The question of subsistence industries for the district rural population has been referred to in paragraph 23. The annual average *per capita* income of this class is probably about Rs. 30 of which the present income from industries may not exceed Rs. 6. The corresponding income from industries in some of the progressive countries may not be less than Rs. 300. We know it is as high as Rs. 600 to Rs. 800 in some of the more advanced countries. It is not possible to vouch for the accuracy of these figures but they are sufficiently reasonable and relevant to show how poorly India is served in industries and what great possibilities there are even for the rural population here to improve their lot by concentrating on industries.

(viii) *Industrial Equipment.*—Stress has been laid in the previous pages on the nature of the organization needed to give the country a system of statistics, banks and branch banks, and adequate protection against foreign competition. It is suggested that a Committee of Indian businessmen should be appointed forthwith to give whatever relief is possible by temporary measures while war lasts and to evolve long-range schemes to be put into operation the moment post-war reconstruction begins.

(ix) *Post-war Reconstruction.*—The Commerce Department's scheme for post-war reconstruction as announced by the ex-Commerce Member on two occasions was very cautious. A few committees appointed were to work in secrecy and the one outstanding development needed by the country, namely, industrial

AN ATTAINABLE PROGRAMME OF ACTION

expansion, was ignored altogether. It is now the duty of the business and industrial leaders of the country to come together at a conference to discuss these matters in a practical way and lay down a policy of reconstruction for the country. If left to Government, the methods, which are appropriate in their view for a Dependency form of Government will prevail, and the country will have no chance of overcoming its economic deficiencies.

69. The public of this country have long settled down to indifference, apathy or defeatism so far as industries are concerned. They should be warned of the dangers they are courting by such neglect. Their attention should be invited "war after war" that is, the economic war which will follow military war. They should be roused—and where possible electrified and vitalized—into an active purposeful life. Industries are indispensable for all essential modern needs, for quick transport and services, for low costs of production, for safeguarding the country's defences, for raising the standard of living and for civilized existence generally. "Industrialize or perish" is therefore not such an extravagant concept for the present times as apologists of the existing regime would have us believe.

70. The American view of industrialization after the last depression in that country was forcibly expressed by Mr. John T. Madden, of New York University, in these words: "It should now be evident that scientific progress and industrial organization are the foundations upon which the structure of our future social life

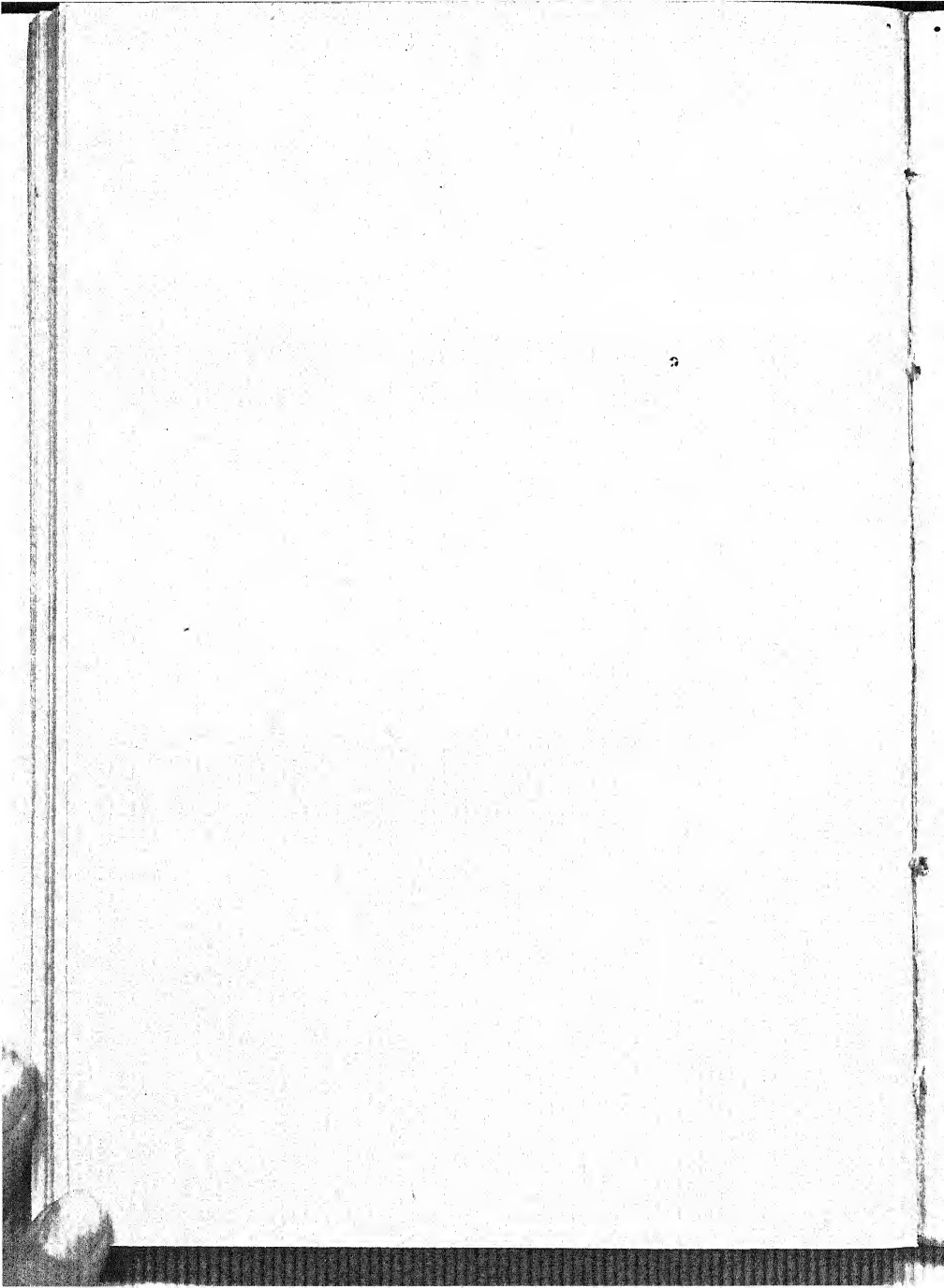
PROSPERITY THROUGH INDUSTRY

must rest. We have passed out of a scarcity economy into an era of surplus economy, and the future well-being of the people of all nations depends largely—one might almost say, principally—upon the more perfect working of industrial organization.”

71. We must work for rapid industrial expansion with the support of Government if we can get that support, or without it if we cannot. Great importance is attached to industries at the present time because, being hitherto neglected, they afford the readiest means to the progress and prosperity of the people in their present depressed condition. There is no other development which can bring to the country such solid benefits in so short a time as industries can do.

Planning, organization, capacity for direction and drive are the qualities which the country expects at the present moment from the multitude of its citizens holding prominent positions in business or society. The occasion calls for the best that there is in every one of us in the way of initiative and hustle to speed up industries. It would be an irretrievable mistake to allow the lessons of the present war to be forgotten as were those of the last one. It would be a disaster if such an unrivalled opportunity as that presented by the coming post-war reconstruction for building up productivity and prosperity, and raising the poor from their slum life, were wasted through lack of timely initiative or wise leadership.

APPENDIX



I. REPRESENTATIVE GROUPS OF INDUSTRIES AND MANUFACTURERS

i. ENGINEERING :—

1. Iron and steel—Castings, fabricated steel, structural steel
2. Manufacturing machinery and plant required for industries, like Textile mills, Printing machinery, etc.
3. Agricultural tools and machinery
4. Railway plant, rolling stock and stores
5. Power machinery; Locomotives, Steam, Gas and Oil Engines
6. Ordnance, Arms, Ammunition, Military Stores, Tanks, etc.
7. Automobiles and Aircraft
8. Electrical and Hydro-electric machinery, Generators Transformers, etc.

ii. CHEMICAL :—

1. Heavy Chemicals, Dyeing and tanning substances, Pharmaceutical products, Lac, Essential Oils, etc.
2. Fertilizers
3. Paper, paste board and stationery (Printing and Publishing)
4. Cement, Glass and Porcelain Ware
5. Rayon
6. Leather and Rubber goods
7. Sugar manufacture and alcohol distillation
8. Matches

iii. OTHER UNCLASSIFIED INDUSTRIES :—

1. Textiles—Cotton, Woollen, Silk and Jute
2. Ship and Boat building
3. Mining—Metallic ores, such as, Aluminium, Bauxite, Manganese, Iron, Copper, Lead, Chromite, Coal, Petroleum and Mica

PROSPERITY THROUGH INDUSTRY

4. Non-ferrous metals and metal works
5. Furniture and Wood ware
6. Scientific and precision instruments, Wireless apparatus, Telegraph and Telephones, Clocks and Watches
7. Food, Drink, Tobacco, Tea and Coffee
8. Travel Industries, Travel Agencies, Hotels and Banking.

II. REPRESENTATIVE LIST OF SUBSISTENCE INDUSTRIES

The following is a list of some of the special goods and services which citizens in rural parts need to maintain a normal existence. The list includes many of the industries and occupations required for providing the necessities of life.

i. FOOD AND ALLIED INDUSTRIES—

1. Agricultural implements
2. Baking, confectionery, biscuits, etc.
3. Bee-keeping
4. Dairy farming
5. Fisheries
6. Fruit canning, ice and aerated waters, drinks, preserves, milk products like butter, ghee, cheese, etc.
7. Food industries
8. Gardening, fruit and vegetable growing
9. Gur making
10. Hotels, clubs and boarding houses—in default of houses
11. Livestock breeding
12. Matches
13. Oil pressing
14. Paddy husking
15. Poultry Farming
16. Provision and oilman stores
17. Peas and beans, dried
18. Rice and flour milling
19. Soap, scents, oils, etc.
20. Salt manufacture
21. Tobacco manufacture
22. Dry Vegetables

ii. CLOTHING—

1. Apparel and ready made clothing
2. Artificial flowers

PROSPERITY THROUGH INDUSTRY

3. Blanket and carpet weaving
4. Buttons
5. Bedding, upholstery
6. Canvas shoes
7. Dyes and colours
8. Embroidery
9. Finishing
10. Filature
11. Hats
12. Hosiery
13. Laces
14. Laundering and cleaning clothes
15. Leather products, boots, shoes and slippers
16. Manufacture of brushes
17. Repair services for garments and shoes
18. Ornaments including bangles
19. Spinning
20. Sericulture or rearing of cocoons
21. Sacking, sailcloth, etc.
22. Tailoring and clothes making—dress making
23. Umbrellas
24. Wool goods
25. Weaving

iii. HOUSING—

1. Building materials (Bricks and tiles)
2. Cement manufacture
3. Coir, rope, bamboo work, cane and basket-ware, matting, etc.
4. Ceramic industries including Crockery, china-ware, cement, glass, stone-ware, pipes, etc.
5. Cutlery and hardware
6. Candles
7. Carpentry and cabinet making
8. Domestic fittings, paints and varnishes
9. Enamelled ware
10. Furniture manufacture

PROSPERITY THROUGH INDUSTRY

11. Glass making
12. House furnishing
13. Hotels, cafes, clubs and boarding houses
14. House-building on modern lines
 - Masonry
 - Roofing
 - Plumbing
 - Painting and glazing
15. Lime burning
16. Leaden goods
17. Metal Works
18. Pottery
19. Smithing
20. Stone work
21. Timber work and furniture of various kinds
22. Trunk making
23. Tin plate goods
24. Tin goods
25. Vessels of iron and steel, brass, copper, lead,
aluminium, tin, etc.
26. Wooden ships
27. Wooden wares

iv. EDUCATION—

1. Book-binding
2. Block making
3. Carbon-paper making
4. Erasers
5. Engraving
6. Engraving on metal
7. Fountain-pen making
8. Glue
9. Ink
10. Ink-pads for rubber stamps, etc.
11. Knives
12. Needlework
13. Newspaper industry

PROSPERITY THROUGH INDUSTRY

14. Paper (note-paper and envelopes)
15. Pencils
16. Pens and pen-holders—nibs
17. Pencils sharpeners
18. Printing industry
19. Stationery articles
20. Slates and slate pencils
21. Scissors
22. Stamp-making—rubber and metal
23. Typewriter ribbons

v. HEALTH SERVICE, RECREATION AND AMUSEMENT—

1. Articles used in games and sports
2. Lacquerware, toys, etc.
3. Medical and surgical instruments
4. Manufacture of medicinal drugs and pharmaceutical products
5. Musical instruments
6. Parks, play-grounds
7. Photographic material manufacture
8. Toilet requisites—razors, tooth-powder and paste, hair oils, cream, etc.

vi. UNCLASSIFIED INDUSTRIES AND OCCUPATIONS—

1. Earthen and glazed ware for domestic use
2. Light iron and steel goods
3. Mechanics for repairing pumps, engines, electric light fittings, etc.
4. Manufacture of machine tools
5. Paper manufacture
6. Printing and engraving
7. Road and drain construction
8. Straw, feather and hair industries
9. Village water supply—construction and repair
10. Vehicles for land transportation.

PROSPERITY THROUGH INDUSTRY

III. CAPITAL INVESTED IN INDUSTRIES (Compared)

Country	Capital Invested	Net value of products per head of population
	Rs. Crores	Rs.
India	750	15
The United Kingdom ...	7,067	481
The United States of America...	23,000	307
Canada	1,285	286
Japan	518	125
Germany	2,773	478

IV. POPULATION ENGAGED IN AGRICULTURE AND INDUSTRIES (Compared)

Country	Percentage of working Population	
	Agriculture	Industries
India	67.2	10.2
Great Britain	6.5	36.4
The United States of America...	22.0	31.7
Canada	31.2	24.9
Germany	28.9	40.4
France	38.3	33.3
Japan	50.3	19.5

Note.—Some of the above figures are repeated also in Table VI.

PROSPERITY THROUGH INDUSTRY

V. NATIONAL INCOME (Compared)

Country	National Income		
	Year	Total	Per head of population
		Rs. Crores	Rs.
British India	1935-36	1,600	60
The United Kingdom	1936	5,500	1,201
The United States of America...	1936	16,000	1,245
Canada	1933	880	822
Japan	1935	1,657	239
Germany	1936	6,613	985

VI. DISTRIBUTION OF POPULATION BY OCCUPATIONS

Country	Year	Agriculture, fishing and forestry	Industry, handicrafts and mining	Commerce, Shipping and Transport	Public Service	Domestic	Total
1	2	3	4	5	6	7	8
1. England & Wales ...	1931	% 5'6	% 46'2	% 26'9	% 10'9	% 10'4	% 100'00
2. Scotland ...	1931	8'9	45'1	26'6	10'2	9'2	100'00
3. The United States of America ...	1930	22'0	30'9	21'1	8'5	17'5	109'00
4. Canada ...	1931	31'2	26'6	23'4	9'1	9'7	100'00
5. Germany ...	1933	28'9	40'4	18'4	8'4	3'9	100'00
6. Japan ...	1930	50'4	18'9	19'1	6'9	4'7	100'00
7. India ...	1931	67'2	10'2	6'7	2'6	13'3	100'00

PROSPERITY THROUGH INDUSTRY

VII. PERCENTAGE OF LITERACY (Compared)

Country	Year	Percentage of literate population in the total population
All-India	1931	8
British India	1931	9.5
The United Kingdom	1921	76.1
The United States of America...	1920	74.5
Canada	1921	71.6
Germany	1925	80.5
France	1926	80.1
Japan	1925	71.7

PROSPERITY THROUGH INDUSTRY

VIII. STATISTICS OF INDUSTRIES (AN ILLUSTRATIVE TABLE)
Typical Figures for Canadian Industries as in 1937

Industries	Number of establishments	Capital Dollars	Emplo- yees	Salaries and Wages Dollars	Cost of materials Dollars	Gross value of products Dollars
1	2	3	4	5	6	7
1. Vegetable products ...	5,963	539,531,357	94,268	94,632,901	395,491,147	672,540,163
2. Animal products ...	4,435	230,312,163	67,996	64,816,361	326,537,087	449,783,908
3. Textile, etc. ...	1,941	322,204,180	121,677	105,056,051	219,813,775	400,383,726
4. Wood, paper and their products ...	8,497	927,070,757	147,254	165,298,485	256,269,941	597,061,878
5. Iron and its products ...	1,345	651,398,528	127,148	163,261,130	328,091,063	622,519,877
6. Non-ferrous metal products ...	526	306,522,643	44,614	57,722,728	282,582,128	482,440,562
7. Non-metallic mineral products ...	823	287,473,542	23,837	30,389,958	115,938,578	208,205,148
8. Chemicals & chemical products ...	754	161,165,068	21,968	28,612,719	64,460,947	148,973,220
9. Miscellaneous ...	545	39,549,593	11,699	11,936,704	17,792,121	41,261,018
Total ...	24,834	3,455,227,831	660,451	721,727,037	2,006,926,787	3,623,159,500

Note.—This table is introduced here merely to serve as an illustration of the sort of information needed for Indian Industries.